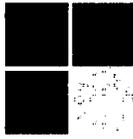


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Certified  
Public  
Accountants

March 18, 2011

To the Board of Directors  
**High Plains Mental Health Center**  
Hays, Kansas

We have audited the financial statements of **High Plains Mental Health Center** for the year ended December 31, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 31, 2009. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **High Plains Mental Health Center** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2010. We noted no transactions entered into by the Center during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of encumbrances is based on estimated prices for the goods or services. We evaluated the key factors and assumptions used to develop the encumbrances in determining that it is reasonable in relation to the financial statements taken as a whole.

We feel all of the note disclosures carry equal importance to the users of the financial statements.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

*Disagreements With Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 18, 2011.

*Management Consultations With Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Center's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Center's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit we also noted other items that are not significant deficiencies or material weaknesses, but instead are items we wish to communicate to management as recommendations for operational or administrative efficiency and for improving internal control.

- To ensure the integrity of internal controls, we recommend that all posted journal entries be documented as to the person making the entry, the date and that all journal entries be reviewed by a higher level of management.
- The budget was over-expended in the Mental Health Reform Children Fund, the Family Centered System Grant Fund, and the Smart Start Services Fund. Even though this budget is an internal budget only, it is still good business practice to keep expenditures in line with those originally established.
- The Kansas Department of Social Rehabilitation Service (SRS) requires us to determine the amount of cash or cash equivalents the Center has at the end of the fiscal year in comparison to the average monthly operating expenses for the Center. In the event that cash or cash equivalents equal or exceed six months average operating expense, the Center must provide justification for the accumulation of such funds or provide assurance such funds will be used in the next year. Based on our computation, no correspondence is necessary for this year.
- We noted continued progress toward the collection of self-pay accounts receivable. We encourage management to continue to be diligent in monitoring the quality of accounts receivable and to pursue all reasonable methods to insure timely collection.

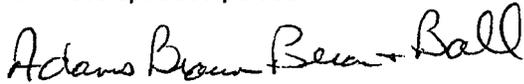
**High Plains Mental Health Center**

Page 3

- Due to additional and significant funding cuts currently being proposed, we encourage management and the governing board to continue to be proactive in their response to the impact these cuts will have on their operations. We believe the magnitude could be so significant that fundamental changes in staffing, scope of services, and service delivery by location will need to be considered.

We will review the status of these items during our next audit engagement. We have already discussed many of these items and suggestions with the appropriate personnel and we will be pleased to discuss them in further detail at your convenience. We are also available to perform additional studies of these matters or to assist you in implementing the recommendations.

This information is intended solely for the use of **High Plains Mental Health Center** and management of **High Plains Mental Health Center** and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Adams Brown Beran & Ball".

**ADAMS, BROWN, BERAN & BALL, CHTD.**  
Certified Public Accountants

March 18, 2011

**HIGH PLAINS MENTAL HEALTH CENTER**

Financial Statements With Independent Auditors' Report

For the Year Ended December 31, 2010

**HIGH PLAINS MENTAL HEALTH CENTER**  
Financial Statements With Independent Auditors' Report  
For the Year Ended December 31, 2010

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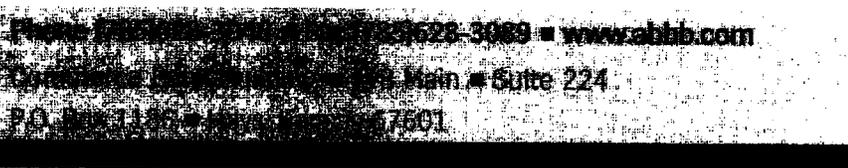
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**High Plains Mental Health Center**  
Hays, Kansas

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **High Plains Mental Health Center**, as of and for the year ended December 31, 2010, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of **High Plains Mental Health Center's** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Kansas Municipal Audit Guide, and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The Center is in compliance with K.S.A. 12-5040 in which the Center is subsidizing health insurance premiums regardless of age and does not record post employment benefits other than pensions in the General Fund and Mental Health Reform Fund. Accounting principles generally accepted in the United States of America require that accounting and financial reporting of post employment benefits other than pensions be included in **High Plains Mental Health Center's** financial statements, which would increase the liability and the expenditures in the above funds. The amount by which this departure would affect the liabilities, fund balances, and expenditures is not reasonably determined.

In our opinion, except for the departure noted above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and Mental Health Reform Fund of **High Plains Mental Health Center**, as of December 31, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and the aggregate remaining fund information of **High Plains Mental Health Center**, as of December 31, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2011, on our consideration of **High Plains Mental Health Center's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of

**High Plains Mental Health Center**  
Page Two

internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 28 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **High Plains Mental Health Center's** financial statements as a whole. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state awards is presented for purposes of additional analysis is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



**ADAMS, BROWN, BERAN & BALL, CHTD.**  
Certified Public Accountants

March 18, 2011

**HIGH PLAINS MENTAL HEALTH CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The discussion and analysis of **High Plains Mental Health Center's** financial performance provides an overview of the Center's financial activities for the year ended December 31, 2010. Please read in conjunction with the Center's financial statements, which begin after this letter.

**FINANCIAL HIGHLIGHTS**

The assets of **High Plains Mental Health Center** exceeded its liabilities at December 31, 2010 by \$5,441,990. Of this, \$3,701,843 is unrestricted and available to meet the Center's ongoing obligations. Total net assets decreased by 3% as a result of this year's operations.

**High Plains Mental Health Center's** funding is a mixture of federal, state, local, self-pay and insurance sources. The largest portion (65%) is from Fee for Service, which includes all third party and self-pay payments. The second largest revenue source is from the state; those funds include Mental Health Reform and State Aid (24%). The majority of that money comes from the Department of Social and Rehabilitation Services' community mental health funds. Local funding from the 20 counties comprises 9% of the Center's total revenue. The remaining funds not attributable to the primary sources is 2% of total revenue.

Effective July 1, 2007, the State of Kansas implemented a new Medicaid state plan for Mental Health service for individuals with Medicaid coverage. This plan, submitted to the Centers for Medicaid and Medicare by the Kansas Department of Social and Rehabilitation Services and Medicaid Division of the Health Authority, is based on waivers of typical federal Medicaid requirements. The principal difference beginning with the new State Plan is that all of Medicaid funding for Mental Health is contained in a Managed Care Plan. This is a "non-risk" plan and the state chose a sole source contract for the new plan, with the current public mental health system. The plan is operated through a contract between the state and a Prepaid Ambulatory Health Plan, Kansas Health Solution, LLC, a subsidiary of the Association of Community Mental Health Centers of Kansas, Inc.

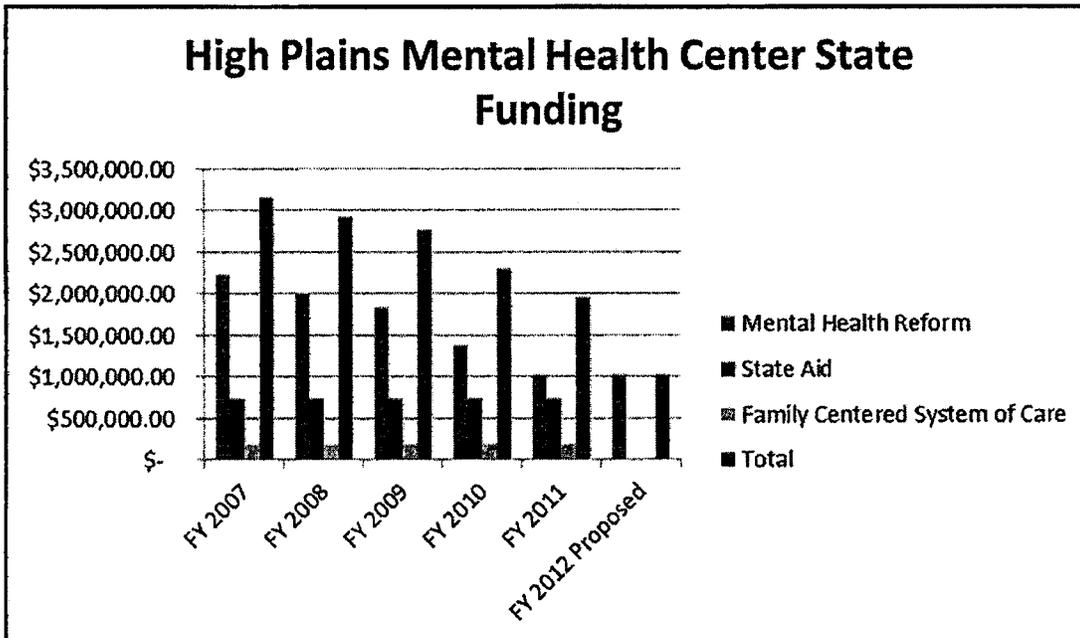
The Medicaid state plan changed certain service definitions, focuses on a rehabilitation model of service delivery, and included Licensed Mental Health Providers in private practice in an "any willing provider" mechanism to assist in delivering the traditional clinic based services to the general populations. Community Mental Health Centers continued to be the preferred provider of the Specialized Services to the state's target populations.

An additional Medicaid waiver to divert youth from placement in residential treatment provides some opportunities for the mental health system although it is of a smaller scope. In terms of risk, **High Plains Mental Health Center** continues to be paid on a fee for service basis. At this point, it appears that the philosophy of management of care in the new system will be one that looks at mega system utilization patterns, and **High Plains Mental Health Center** is in a position from that perspective to not be significantly constrained in the potential to deliver services and generate revenue.

In recent years, **High Plains Mental Health Center** has seen cuts in state funding under the mental health reform contract to partially fund the new state Medicaid plan and cuts to help balance the state's budget. The following chart represents those changes in funding over the past several years. Additionally, the Governor's allotment cuts in November 2009 reduced Medicaid reimbursements by 10% for the first six months of 2010. The Medicaid rates were restored for dates of service beginning on July 1, 2010.

**HIGH PLAINS MENTAL HEALTH CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

High Plains Mental Health Center Analysis of Funding Cuts					
17-Feb-11					
	Mental Health Reform	State Aid	Family Centered System of Care	Total	Annual Reductions
FY 2007	\$ 2,235,193.00	\$ 736,706.00	\$ 186,681.00	\$ 3,158,580.00	
FY 2008	\$ 2,005,479.00	\$ 736,706.00	\$ 186,681.00	\$ 2,928,866.00	\$ 229,714.00
FY 2009	\$ 1,845,171.00	\$ 736,706.00	\$ 189,063.00	\$ 2,770,940.00	\$ 157,926.00
FY 2010	\$ 1,382,062.00	\$ 736,706.00	\$ 189,063.00	\$ 2,307,831.00	\$ 463,109.00
FY 2011	\$ 1,027,307.00	\$ 736,706.00	\$ 189,063.00	\$ 1,953,076.00	\$ 354,755.00
FY 2012 Proposed	\$ 1,027,307.00	\$ -	\$ -	\$ 1,027,307.00	\$ 925,769.00
Total Reductions in State Funding					\$ 2,131,273.00
Total Reduction as a Percentage of Total					67.5%



Though the reductions in mental health reform funding initially were to help the state implement the new Medicaid State plan, recent cuts have been a direct result of the state's financial struggles and attempts to balance budgets. Though SRS has indicated that they have focused and purposed the mental health reform funding on a more specific population and prioritized those to be served, there remains a significant public policy debate within the state as to the obligations of community mental health centers. On the one hand, SRS says that CMHCs do not have to serve all individuals. However, advocates and others have made it clear that their expectation is that CMHCs continue to provide all services to all individuals who need such services regardless of ability to pay. This policy gap or difference leaves **High Plains Mental Health Center** at some disadvantage as to where to prioritize services and where to consider elimination of some previously considered "mandated" services.

## HIGH PLAINS MENTAL HEALTH CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

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In 2010, **High Plains Mental Health Center** began the year looking at a projected budget deficit of \$222,380. Through the process of reduction in expenditures and increase in patient service revenue, we were able to move the budget to an ending bottom line of \$(170,101).

The increase in patient service revenue was accomplished through increased emphasis on productivity and patient collections. The Center has an incentive plan to increase patient service revenue. The Center's Governing Board approved increases to the Center's usual and customary rate with an effective date of October 1, 2010. Additionally, revised sliding scale fee schedules and policies were approved at that time. The Center reduced expenditures primarily through a reduction in personnel costs including staff positions. In looking toward the future, the Center remains vigilant in observing a very uncertain picture with respect to future state funding. Observers in Topeka speculate that it is possible that all mental health reform funding or other state aid funding could be removed from the system, and the implications to **High Plains Mental Health Center** would be considerable. At that point, serious consideration of changes in mission and focus, populations to be served, as well as size and structure of the organization would have to be considered. Continued downsizing would not be sufficient to adjust to such cuts in subsidy funding.

In previous years, the Center's Board and Administration worked with counties on the development of a county equitable funding formula. The Center recognizes that counties are unable in total to increase funding due to economic conditions. However, over the years, counties have questioned what a "fair share" or equitable funding amount would be for counties and a six factor formula was developed. That model was used during 2010 to make county funding budget requests for calendar year 2011. The model will be updated annually and will continue to be used to make county funding requests.

As we look toward the future of Center revenue, in addition to the mental health reform and state funding concerns, we remain mindful of the fragile economy and impacts on the counties. At the state level, Medicaid no longer is seen as increasing the total line item expenditure in the state. In fact, it is quite clear that the state wishes to "bend the curve" downward in terms of Medicaid growth. The Kansas Administration has made it clear that Medicaid will change in the near future, moving to a capitated reimbursement mechanism. Kansas Health Solutions is entering its last year of the Medicaid Managed Care Contract with the state and that contract will be out for bid for the period beginning July 2012. Currently, the Medicaid plan is a "carve out" where the mental health services are separated from the physical health care Medicaid system. There is debate in the Administration and Legislature as to whether all Medicaid should be combined. Typically in such non-carve out environments, mental health funding is not as robust as in carve out arrangements. Medicaid fee for service reimbursements represent 75% of our patient service revenue. Currently we are reimbursed under a Medical fee for service arrangement, where our patient service revenue is contingent upon service volume and service mix. It is nearly certain that the Kansas Medicaid system will move to a "capitated" system where providers are paid in some alternative to fee for service where revenue is dependent upon service volume. Reimbursement could be in various forms including payment for performance based on patient outcomes including reducing overall health costs for the patient, reducing residential and hospital costs, case rates, and/or payment of a flat fee to provide all services for a population in a given geographic area. This will be one of the most dramatic shifts in our reimbursement environment and is happening at the same time as reduction in state grants and subsidies, leaving a great deal of uncertainty.

As part of the Center's strategic plan, we have added a concern and focus on staff recruitment and retention. There are changing demographics in the governmental and nonprofit workforce that provide significant challenges. We have identified that our salary structure is below market rates in the area and significantly below state wide mental health center structures. This adds to the challenge of recruitment and retention of staff.

## HIGH PLAINS MENTAL HEALTH CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

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We have just learned that Kansas Health Solutions, due to state government funding challenges, is being required to reduce their expenditures by over \$3 million by the end of the 2011 fiscal year. KHS has implemented a more restrictive service cap utilization management system. We see some potential implications especially at Westside School for these changes to impact Medicaid patient service revenue. This more intensive service authorization and management scheme will create an increased administrative burden for the Center. **High Plains Mental Health Center** has and continues to generally not be a provider at the upper levels of Medicaid service intensity. We believe other providers may feel greater challenges with these changes than we may.

If cuts in State Aid and other state funding do occur as the Governor has recommended, management will need to make recommendations for equivalent reductions in operating costs. We have implemented a much heightened accountability for service staff to meet productivity goals and downsizing of personnel costs would focus first on low performing staff, secondly on certain positions that have a very low return on investment and are not as essential to a shifting definition of our mission away from serving all individuals and then on proportionate reduction in administrative costs to keep our overall administrative costs in the 20% to 25% range.

In September 2010, the Center asked a "Technical Assistance Team" of other Kansas CMHC Directors to review our budget, programming, and help us plan for a shift out of downsizing into re-growth. The TA Team found a very dedicated and skilled staff and "nothing but opportunities". The TA Team saw the most opportunity in the area of better meeting the treatment needs of the "target population", including significantly increased service needs in this population along with more focused staffing. The team also recommended revised staff service expectations to better meet the needs of all our patients and to directly impact the Center's financial situation. In looking at the intensity of service per patient in rehabilitation services, the Center is well below the state average of intensity of services. The TA team also reported that statewide, case managers generally provide Community Psychiatric Supportive Treatment (CPST) as the predominant service provided (75% or more), so the Center is working to move toward that benchmark.

The TA Team recommended, along with an increase in service intensity and expectations, that the Center expand the incentive plan. To that end, the incentive plan was updated to increase the monthly incentive amount and to move supervisors to an incentive based on their team hitting their goals. The Center will review performance quarterly to ensure all staff are meeting 100% of their service expectations and will require meeting this service level as a condition of ongoing satisfactory performance.

A recent analysis conducted by our internal auditor of our implementation of the changes recommended by the Technical Assistance committee, shows continued room for growth of Medicaid intensity and service mix and the resultant potential increases in Medicaid patient service revenue (in the near term while fee for service is still in place).

From a large scale perspective, the Center continues to monitor potential changes as a result of the National Health Reform. Mental health has not been a primary focus of such discussions and there are questions as to the impact of National Health Reform on Medicaid services for mental health, particularly for the long term, most needy mental health consumers within the context of defined benefit plans established by the federal government. There is the opportunity that Medicaid will expand with National Health Reform. However, the outstanding question of concern is whether additional funding will be put in that system or if care will have to be diluted to serve more with the same amount of funding.

Medicaid and the HCBS SED Waiver provide 75% of the Center's fee for service revenue. This has been the primary source of growth in fee for service revenue over the last five years. Commercial insurance, Medicare and contracts total 16% of the fee for service revenue for 2010 and self pay revenue is the remaining 9%. The Center reviewed the fee structure and increased fees effective October 1, 2010.

## HIGH PLAINS MENTAL HEALTH CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

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Additionally, the Center's sliding scale fee schedule and eligibility for special fee reductions were revised, also with an October 1, 2010 effective date.

**High Plains Mental Health Center's** personnel costs total 78% (\$5,790,663) of the Center's total expenditures including capital outlay. Providing competitive wages for professional and support staff continues to be an on-going challenge for the Center. Some steps have been taken to increase base wages so quality staff can be recruited and retained, however, the Center's wages continue to be on the low side for comparable positions in the community, region and the state.

Information Technology is an essential tool for management, not only for day-to-day operations of the Center, but also for providing information used for decision making. Over the span of several years the Center replaced several software systems including the financial software and a human resource software package. During 2007, the Center purchased a client management software product called PsychConsult from Askesis. The Phase One implementation of PsychConsult was put into production on October 1, 2008. Phase Two, the electronic medical record, was implemented in steps during 2009 and 2010. PsychConsult handles the Center's needs for client demographic and clinical data, patient billing and accounts receivable, scheduling, and electronic medical records which is replacing the paper client chart. Application Xtender, an application to manage scanned documents, works in conjunction with PsychConsult for documents that may come from outside sources. Eprescribe is an application to manage prescriptions and also works in conjunction with PsychConsult.

The Center utilizes a Citrix blade center along with additional hardware needed to serve as the domain controller and file server for the Center. Additional servers are purchased and added to the Citrix system to replace the various network servers as they become obsolete or expansion is needed. Beginning in 2009, the Center expanded staff access to the client electronic medical record while they are in the community with the use of mobile thin clients. Additional mobile thin clients are being added to provide staff access to the client electronic medical record in the field. These units access the electronic medical record through an existing wireless cell phone network and no personal health information can be stored on the mobile unit.

During 2008, **High Plains Mental Health Center** implemented a voice over IP telephone system which included upgrades to a digital telephone system in locations that had analog systems. The voice over IP telephone system is a single telephone system that connects the branch offices with Hays eliminating many of the long distance calls between those offices. The system shares the current data lines and is used for telephone service, data transmission and televideo conferencing. The voice over IP telephone system allows telephone calls to be transferred between branch offices and Hays, in order to put callers in touch with the staff person they need regardless of the staff person's location and which phone number the caller dialed.

The Center is in the process of installing and implementing a fax server which will replace all fax machines and eliminate the need for some phone lines. Staff will be able to fax electronic/digitized documents directly from their desks rather than going to a fax machine. If they have a hard copy rather than an electronic copy, they will go to a scanner. Incoming faxes will come in as a digitized file into a folder that will be distributed by email or put the documents into the appropriate patient's record.

The Center is also beginning to design and implement a process to allow for the scanning and/or electronic storage of administrative records.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The statement of net assets and statement of activities on pages 11 through 12 provide information about the activities of the Center as a whole and present a longer-term view to the Center's finances. Fund financial statements start on page 28. For

**HIGH PLAINS MENTAL HEALTH CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Center's operations in more detail than the government wide statements by providing information about the Center's most significant funds.

**REPORTING THE CENTER AS A WHOLE**

**The Statement of Net Assets and the Statement of Activities**

Our analysis of the Center as a whole begins on page 11. One of the most important questions asked about the Center's finances is "Is the Center as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Center as a whole and about its activities that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Center's net assets and changes in them. Think of the Center's net assets - the difference between assets and liabilities - as one way to measure the Center's financial health or financial position. Over time, increases or decreases in the Center's net assets are one indicator of whether financial health is improving or deteriorating.

**REPORTING THE CENTER'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

Analysis of the Center's major funds begins on page 13. The fund financial statements begin on page 28 and provide detailed information about the most significant funds. The Center's services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can regularly be converted to cash. The governmental fund statements provide a short-term view of the Center's general operations and the services it provides.

Fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Center's programs. We describe the relationship (or differences) between governmental activities (reported in a statement of net assets and the statement of activities) and the governmental funds in reconciliation at the bottom of the fund financial statements.

**THE CENTER AS A WHOLE**

**TABLE 1  
STATEMENT OF NET ASSETS**

	Total Primary Government	
	2010	2009
Current Assets	\$ 5,138,407	5,042,450
Capital Assets	1,940,713	2,217,261
<b>Total Assets</b>	<b>7,079,120</b>	<b>7,259,711</b>
Current Liabilities	673,890	639,500
Other Liabilities	963,240	1,008,120
<b>Total Liabilities</b>	<b>1,637,130</b>	<b>1,647,620</b>
Restricted	1,736,214	1,739,853
Designated for Subsequent Year's Expenditures	3,933	106,452
Unrestricted	3,701,843	3,765,786
<b>Total Net Assets</b>	<b>\$ 5,441,990</b>	<b>5,612,091</b>

**HIGH PLAINS MENTAL HEALTH CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**TABLE 2  
STATEMENT OF ACTIVITIES**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Governmental Activities	
		Charges for Services	Operating Grants and Contributions	2010	2009
<b>Primary Government Governmental Activities</b>					
General Government	\$ 7,622,882	4,879,766	1,785,388	(957,728)	(734,743)
<b>General Revenues &amp; Special Items</b>					
County Appropriations				\$ 670,920	681,719
Management Fees				32,520	32,723
Sales & Rentals				21,102	14,085
Unrestricted Investment Earnings				29,579	63,277
Miscellaneous				33,506	32,100
<b>Total General Revenues &amp; Special Items</b>				<b>787,627</b>	<b>823,904</b>
Change in Net Assets				(170,101)	89,161
Net Assets - Beginning				5,612,091	5,522,930
<b>Net Assets - Ending</b>				<b>\$ 5,441,990</b>	<b>5,612,091</b>

**Capital Asset Administration**

Capital Assets

At the end of 2010, the Center had \$1,940,713 invested in capital assets less depreciation.

**TABLE 3  
CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)**

	Total Primary Government	
	2010	2009
Land	\$ 94,701	\$ 94,701
Building	2,862,208	2,864,972
Equipment	2,126,715	2,312,169
Furniture and Fixtures	333,121	349,579
Library Materials	16,557	20,904
Less Accumulated Depreciation	( 3,492,589)	( 3,425,063)
<b>Total</b>	<b>\$ 1,940,713</b>	<b>\$ 2,217,262</b>

**CONTACTING THE CENTER'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, board members and creditors with a general overview of the Center's finances. The report is also designed to show the Center's accountability for the money it receives.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Statement of Net Assets  
December 31, 2010  
(With Comparative Totals for the Year Ended December 31, 2009)

	<u>Primary Government</u>		<u>Component Unit</u>
	<u>Governmental Activities</u>		<u>High Plains Mental</u>
	<u>2010</u>	<u>2009</u>	<u>Health Center</u>
<u>ASSETS</u>			<u>Endowment</u>
			<u>Association</u>
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 3,866,439	3,667,914	247,867
Receivables (Net of Allowance for Uncollectibles)	800,837	860,358	18,761
Due From Other Governments	9,973	2,250	-
Prepaid Expenses	461,158	511,928	-
<b>Total Current Assets</b>	<b>5,138,407</b>	<b>5,042,450</b>	<b>266,628</b>
<b>Capital Assets</b>			
Land	94,701	94,701	31,008
Buildings	2,862,208	2,864,972	-
Equipment	2,126,715	2,312,169	-
Furniture and Fixtures	333,121	349,579	-
Library Materials	16,557	20,904	-
Total Property and Equipment	5,433,302	5,642,325	31,008
Accumulated Depreciation	(3,492,589)	(3,425,063)	-
<b>Net Capital Assets</b>	<b>1,940,713</b>	<b>2,217,262</b>	<b>31,008</b>
<b>Total Assets</b>	<b>7,079,120</b>	<b>7,259,712</b>	<b>297,636</b>
<u>LIABILITIES</u>			
<b>Current Liabilities</b>			
Accounts Payable	52,538	32,316	930
Accrued Wages, Benefits and Payroll Taxes	621,352	607,184	-
<b>Total Current Liabilities</b>	<b>673,890</b>	<b>639,500</b>	<b>930</b>
<b>Long-Term Liabilities</b>			
Accrued Paid Leave	212,903	243,653	-
Extended Illness Days and Comp Time	750,337	764,467	-
<b>Total Long-Term Liabilities</b>	<b>963,240</b>	<b>1,008,120</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,637,130</b>	<b>1,647,621</b>	<b>930</b>
<b>Net Assets</b>			
Restricted			
Reserved for Encumbrances	3,933	106,451	-
Board Designated Reserves	1,736,214	1,739,853	-
Unrestricted	3,701,843	3,765,787	296,704
<b>Total Net Assets</b>	<b>\$ 5,441,990</b>	<b>5,612,091</b>	<b>296,706</b>

The notes to the financial statements are an integral part of these statements.

**HIGH PLAINS MENTAL HEALTH CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Further questions concerning this report or the financial status of **High Plains Mental Health Center** should be directed to Joan Wilhelm's office at 208 East 7<sup>th</sup>, Hays, Kansas (785) 628-2871.

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**Joan Wilhelm**

Director of Operations and Finance  
High Plains Mental Health Center



HIGH PLAINS MENTAL HEALTH CENTER

Balance Sheet

Governmental Funds

December 31, 2010

(With Comparative Totals for the Year Ended December 31, 2009)

	General Fund	Mental Health Reform Fund	Other Governmental Funds	Total Governmental Funds	
				2010	2009
<b>ASSETS</b>					
Cash and Investments	\$ 1,214,257	-	2,652,182	3,866,439	3,667,914
Receivables - Net					
Accounts Receivable	683,696	2,709	114,432	800,837	860,358
Due From Other Governments	9,973	-	-	9,973	2,250
Prepaid Expenses	444,926	16,232	-	461,158	511,928
<b>Total Assets</b>	<b>\$ 2,352,852</b>	<b>18,941</b>	<b>2,766,614</b>	<b>5,138,407</b>	<b>5,042,450</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts Payable	44,610	2,321	5,607	52,538	32,316
Accrued Wages	131,659	-	-	131,659	135,266
Accrued Payroll Liabilities and Benefits	702,596	-	-	702,596	715,572
<b>Total Liabilities</b>	<b>878,865</b>	<b>2,321</b>	<b>5,607</b>	<b>886,793</b>	<b>883,154</b>
<b>Fund Balance Reserved</b>					
Reserved for Encumbrances	3,933	-	-	3,933	106,451
Board Designated Reserves	1,736,214	-	-	1,736,214	1,739,853
<b>Unreserved Undesignated</b>	<b>(266,160)</b>	<b>16,620</b>	<b>2,761,007</b>	<b>2,511,467</b>	<b>2,312,992</b>
<b>Total Fund Balance</b>	<b>1,473,987</b>	<b>16,620</b>	<b>2,761,007</b>	<b>4,251,614</b>	<b>4,159,296</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,352,852</b>	<b>18,941</b>	<b>2,766,614</b>	<b>5,138,407</b>	<b>5,042,450</b>

The notes to the financial statements are an integral part of these statements.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Assets  
December 31, 2010

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Amounts reported for governmental activities in the Statement of Net Assets differ from the fund balances of Governmental Funds on the preceding balance sheet as shown in the following reconciliation:

Fund Balances of Governmental Funds from the Balance Sheet.	\$	4,251,614
Property and equipment, net of depreciation, have not been included as financial resources in Governmental Fund activity on the Balance Sheet.		1,940,713
Extended Illness Time and Accumulated Comp Time have not been included in the Governmental Fund activity on the Balance Sheet.		<u>(750,337)</u>
Net Assets of Governmental Activities as Reported on the Statement of Net Assets (Statement 1)	\$	<u>5,441,990</u>

The notes to the financial statements are an integral part of these statements.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended December 31, 2010  
(With Comparative Totals for the Year Ended December 31, 2009)

	General Fund	Mental Health Reform Fund	Other Governmental Funds	Total Governmental Funds	
				2010	2009
<b>Revenues</b>					
State Aid and Contracted Revenues	\$ 736,305	489,629	360,300	1,586,234	2,269,771
County Appropriations	670,920	-	-	670,920	681,719
Grants	-	1,950	-	196,723	207,926
Patient Services	3,882,862	-	966,044	4,848,906	4,811,778
Other Services	30,435	-	425	30,860	25,283
Donations	466	15	-	481	3,300
Sales Rentals	21,102	-	-	21,102	14,085
Miscellaneous	24,394	-	685	25,079	27,603
Recovery of Bad Debts	8,427	-	-	8,427	4,497
Interest on Investments	29,579	-	-	29,579	63,277
Management Fees	-	32,520	-	32,520	32,723
<b>Total Revenues</b>	<b>5,404,490</b>	<b>524,114</b>	<b>1,524,177</b>	<b>7,452,781</b>	<b>8,141,962</b>
<b>Expenditures</b>					
Personnel	3,543,067	1,369,637	877,959	5,790,663	6,333,756
Professional and Legal Fees	87,651	350	36,365	124,366	157,021
Dues	22,380	-	2,175	24,555	23,045
Insurance	128,387	12,254	8,565	149,206	151,696
Public Information	11,040	118	783	11,941	6,792
Travel and Meeting	101,420	39,754	46,210	187,384	160,588
Professional Resources	1,546	72	351	1,969	6,562
Supplies	79,283	5,578	3,246	88,107	119,661
Postage	40,200	176	-	40,376	43,038
Leases and Rentals	142,297	260	1,280	143,837	188,997
Service Agreements	100,192	3,688	-	103,880	99,584
Utilities	151,090	23,302	11,833	186,225	155,679
Repairs and Maintenance	50,668	765	5	51,438	43,978
Miscellaneous	36,054	2,190	137	38,381	27,663
Bad Debt Expense	254,157	-	866	255,023	198,152
Capital Outlay	161,203	1,565	343	163,111	421,924
<b>Total Expenditures</b>	<b>4,910,635</b>	<b>1,459,708</b>	<b>990,118</b>	<b>7,360,462</b>	<b>8,138,134</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>493,855</b>	<b>(935,595)</b>	<b>534,059</b>	<b>92,319</b>	<b>3,828</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	255,490	936,140	156,102	1,351,732	698,874
Transfers Out	(1,096,242)	-	(255,490)	(1,351,732)	(698,874)
<b>Total Other Financing Sources (Uses)</b>	<b>(840,752)</b>	<b>936,140</b>	<b>(97,388)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(346,897)</b>	<b>2,545</b>	<b>436,671</b>	<b>92,319</b>	<b>3,828</b>
<b>Fund Balance - Beginning of Year</b>	<b>1,820,884</b>	<b>14,075</b>	<b>2,324,336</b>	<b>4,159,295</b>	<b>4,155,468</b>
<b>Fund Balance - End of Year</b>	<b>\$ 1,473,987</b>	<b>16,620</b>	<b>2,761,007</b>	<b>4,251,614</b>	<b>4,159,296</b>

The notes to the financial statements are an integral part of these statements.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended December 31, 2010

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Net Change in Fund Balances - Total Governmental Funds (Statement 4)	\$	92,319
Amounts Reported for Governmental Activities in the Statement of Activities (Statement 2) are different because:		
Governmental Funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay net of asset retirements.		(276,550)
Extended Illness Days and Accumulated Comp Time increased from the prior year. These balances are not accounted for in the General Government Funds; however, the changes are reflected in the statement of activities.		<u>14,130</u>
Change in Net Assets of Governmental Activities (Statement 2)	\$	<u>(170,101)</u>

The notes to the financial statements are an integral part of these statements.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of **High Plains Mental Health Center**, relating to the funds included in the accompanying financial statements, conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments (GASB 34 Edition), and by the Financial Accounting Standards Board, when applicable. The following is a summary of such significant policies.

**Reporting Entity**

The Center is established by Kansas statutes and is operated and licensed as a community mental health center under the laws and regulations of the State of Kansas. The purpose of the Center is to provide mental health services and education to the community and twenty participating counties in Western Kansas.

The Kansas Division of Accounts and Reports determined the Center to be a municipality per K.S.A. 75-1122 for purposes of audit requirements. The Center is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

In evaluating how to define the Center for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14 as amended by GASB No. 39. The basic, but not the only, criteria for including a potential component unit within the reporting entity is the governing body's ability to influence financial decisions and economic impact. The most significant manifestation of this ability is financial interdependency. Other manifestations of this influence by the Center may include, but are not limited to, the selection of governing authority, the designation of management and the ability to significantly influence operations and accountability for fiscal matters. The other criteria used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Center is able to exercise oversight responsibilities. The Center has the following component unit that is presented discretely in the financial statements.

**High Plains Mental Health Center Endowment Association, Inc.** is a not-for-profit corporation organized under the laws of the State of Kansas. The purpose of the Endowment is to act generally in the raising of funds for the needs and purposes of **High Plains Mental Health Center**. The board of directors are the same board as that of the Center's. Contact the Center's administrative office for information on how to obtain a copy of the financial statements.

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Government-wide and Fund Financial Statements**

The government-wide financial statements, the statement of net assets, and the statement of activities report financial information for the Center as a whole. Individual funds are not displayed, but the statements disclose governmental activities, generally supported by taxes, grants, and the Center's general revenues.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Statement of Activities reports the direct expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include charges for services which report fees, and other charges to users of the Center's services, operating grants and contributions which finance annual operating activities including investment income, and capital grants which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Separate financial statements are provided for Governmental Funds. Major individual Governmental Funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net assets. The operating statements present increases and decreases in net total assets. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Center considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for un-matured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The Center reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Center before it has legal claim to them, as when grant monies are received prior to incurring a qualifying expenditure. In subsequent periods, when both revenue recognition criteria are met, or when the Center has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Center reports the following major governmental funds:

**General Fund** – the main operating fund of the Center. This fund accounts for all unrestricted resources except those required to be accounted for in another fund.

**Mental Health Reform Fund** – Funds are distributed to the Center through the Kansas Department of Social and Rehabilitation Services. The Center utilizes these funds to provide screening services to all persons considered for state psychiatric hospital admission. Additionally, the Center is required to participate in the admission and discharge decisions for all persons admitted to or considered for discharge from Larned State Hospital. Finally, the funds are to be used to provide the community based mental health services for the persons discharged from Larned State Hospital to the Center's service area or those persons who are part of the targeted populations and are diverted from state hospitalization through the Center's screening service.

**Special Revenue Funds** – to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to be expensed for specified purposes.

**Income Taxes**

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, income taxes are not provided for in the financial statements.

The Endowment is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, income taxes are not provided for in the financial statements.

**Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**Budgetary Information**

The Center is not subject to the legal annual operating budget requirements, but is controlled by the use of an internal budget established by the governing body. The internal budget is the source of the budget amounts listed on Statement 5.

**Contributed Services**

The Center records the value of contributed services from volunteers and practicums as an expense, with an equivalent amount recorded as a contribution. The services are valued according to the Center's pay scale and totaled \$11,470 for the year ended December 31, 2010.

**Inventories and Prepaid Items**

In both government-wide and fund financial statements, payments made to vendors for goods or services that will benefit periods beyond the current year are recorded as inventory or prepaid items when they are deemed material and it is considered appropriate.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2010

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Accounting for Capital Assets and Depreciation**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns of the government-wide financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of three years or greater. These assets are valued at historical cost, estimated historical cost if actual cost is not available, and estimated fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	15 to 40 Years
Equipment	5 to 15 Years
Furnishings and Fixtures	5 to 15 Years
Library materials	5 to 10 Years

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities</b>				
<b>Non - Depreciable</b>				
<b>Capital Assets</b>				
Land	\$ 94,701	-	-	94,701
<b>Depreciable Capital</b>				
<b>Assets</b>				
Buildings	2,864,972	26,549	(29,313)	2,862,208
Equipment, Furnishings, and Fixtures	2,661,748	34,008	(235,920)	2,459,836
Library Materials	20,903	-	(4,346)	16,557
<b>Total</b>				
<b>Depreciable</b>				
<b>Capital Assets</b>	5,547,623	60,557	(269,579)	5,338,601
<b>Less Accumulated</b>				
<b>Depreciation</b>	(3,425,063)	(331,044)	263,518	(3,492,589)
<b>Depreciable Capital</b>				
<b>Assets, Net of</b>				
<b>Accumulated</b>				
<b>Depreciation</b>	2,122,560	(270,487)	(6,061)	1,846,012
<b>Governmental</b>				
<b>Activities Capital</b>				
<b>Assets,</b>				
<b>Net of Accumulated</b>				
<b>Depreciation</b>	\$ 2,217,261	(270,487)	(6,061)	1,940,713

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2010

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Allocation of Supporting Service Expenditures**

Direct program expenditures are charged to their respective funds. Administrative overhead and other shared expenses are allocated to each fund on the basis of its respective revenue in proportion to total revenues.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash balances at December 31, 2010 are summarized below. As noted in Note 6, the governing board has designated reserves totaling \$1,736,214. The governing board adopted a resolution at the March 28, 2002 board meeting implementing a policy that **High Plains Mental Health Center** will attempt to maintain a cash reserve equal to \$1,500,000 to protect the Center against unexpected budget cuts and contingencies. This cash reserve approximated \$2,126,291 at December 31, 2010.

Cash on Hand	\$	900
Checking/Savings		30,705
Money Market		1,347,823
Certificates of Deposit		<u>2,487,011</u>
 Total	 \$	 <u>3,866,439</u>

The Center maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the balance sheet as cash and investments. Deposits and investments are stated at cost.

The carrying amount of the Center's deposits (checking and savings accounts) was \$30,705 and the bank balance was \$85,849 at December 31, 2010. Of the bank balance, \$85,849 was covered by federal depository insurance or by collateral held for the Center in the pledging bank's trust department or by its agent in the Center's name at December 31, 2010. All deposits were insured and collateralized.

The Center is authorized to make investments in time deposits, open accounts or certificates of deposit in commercial banks or trust companies, with certain exceptions; time certificates of deposit with state or federally chartered savings and loan associations, with certain exceptions; repurchase agreements with commercial banks, trust companies, state or federally chartered savings and loan associations, or federally chartered savings banks, with certain exceptions; and United States treasury bills or notes. Investments at December 31, 2010 were all certificates of deposit or money market accounts in various financial institutions. The carrying amount and bank balance of investments was \$3,834,834 and \$3,834,834, respectively, at December 31, 2010. Investments were insured by federal depository insurance or covered by collateral held in the pledging bank's trust department or by its agent in the Center's name.

Cash balances at year-end for the Endowment were as follows:

Demand Deposit – Sunflower Bank	\$	16,202
Time Deposits – Sunflower Bank		42,326
Time Deposits – Bank of America		102,258
Time Deposits – Commerce Bank		<u>87,080</u>
 Total	 \$	 <u>247,866</u>

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2010

**NOTE 2 – CASH AND CASH EQUIVALENTS (continued)**

The carrying amount and bank balance of the Endowment's deposits were \$247,866. The entire amount of the bank balance was covered by federal depository insurance.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts Receivable at December 31, 2010 are comprised of accounts considered to be collectible by management. Balances due are stated at net of anticipated uncollectible accounts.

Outpatient	\$	589,229
Westside		131,460
Community Support Service		247,301
Grant Revenue and Miscellaneous		<u>20,751</u>
		988,741
Less: Allowance for Fee Reductions, Provider Write-offs, and Uncollectible Accounts		<u>( 187,904)</u>
Total Accounts Receivable	\$	<u>800,837</u>

The Endowment has a policy to grant loans to qualified individuals for the cost of education in a field of study related to mental health services.

The Endowment has loans outstanding to one individual as of December 31, 2010 in the amount of \$18,761.

**NOTE 4 – INTERFUND TRANSFERS**

Transfers are substantially for the purpose of subsidizing operating functions and funding capital projects and asset acquisitions. **High Plains Mental Health Center** made the following transfers between funds for the year ended December 31, 2010.

From	To	Amount
Mental Health Reform Children Fund	General Fund	\$ 20,649
Mental Health Reform Hospital Closure Fund	General Fund	65,310
State Child Adolescent Fund	General Fund	169,531
General Fund	Children's Crisis Services Grant Fund	116,793
General Fund	Family Centered System Grand Fund	41,273
General Fund	Mental Health Reform Fund	938,140
General Fund	Smart Start Services Fund	36
		<u>\$ 1,351,732</u>

**NOTE 5 – CONTINGENCY**

**High Plains Mental Health Center** receives a substantial amount of revenues from government grants, all of which are subject to audit by the state government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 5 – CONTINGENCY (continued)**

The Center constructed a new building in Osborne during 2005 with assistance from the City of Osborne, the Economic Development Committee and Osborne County. Land was provided by the City of Osborne at no cost to the Center as long as the Center made improvements with a value of at least \$316,000 and continues to provide services in that location for 10 years. The groundbreaking ceremony took place on April 9, 2005. Construction was completed and staff moved into the new facility on December 30, 2005. The Center has continued to provide services at this location through December 31, 2010.

The Endowment makes loans to qualifying individuals for educational costs as a way to provide incentive to them to pursue a career in mental health services. If individuals do not satisfactorily meet the requirements of the loan agreements, they are obligated to pay the loans back to the Endowment. As with any financing arrangement, there exists a risk of default by the individuals to whom the loans are made. Management has made no estimate of the amount of loss likely to be incurred as a result of defaults for loans outstanding as of December 31, 2010.

Effective December 31, 2010, KGR Partnership donated their entire limited partnership interest in Woodhaven Apartments, LP to High Plains Mental Health Center Endowment Association, Inc. KGR's interest was 5% of Woodhaven's total capital. Woodhaven Apartments, LP owns residential property located in Hays, Kansas. Contributions of non-cash property are normally recorded at fair value. The determination of the value of the partnership interest has not been made. Management estimates that the final determination of value of this interest will not be material to the financial statements.

**NOTE 6 – BOARD DESIGNATED FUNDS**

**High Plains Mental Health Center** has, by Board action, established reserves to be used for designated purposes. When an expense is incurred for which both restricted and unrestricted net assets are available, it is the Center's policy to utilize unrestricted net assets. A capital replacement reserve has been established. This reserve has been designated for building improvement, building replacement and equipment replacement. The Continuing Education Fund is designated to be used for professional staff education. The Center has included in reserves a provision for future unemployment benefits based on taxable wages paid to the Center's employees. The Center has elected to act as a reimbursing employer under the provision of the State Unemployment Security law. The provision allows the Center to reimburse the State for benefits paid to former employees of the Center rather than submitting quarterly contributions based on a contribution rate and payroll. Reimbursements to the State reduce the reserve in the year paid. The Capital Expansion Reserve Fund will be utilized for acquiring facilities for branch offices and equipping these facilities. The fund will also be used for other building acquisition and furnishing these acquisitions as needs dictate. The Center established the Health Insurance Reserve Fund to supplement health insurance coverage.

Board action has also implemented a policy that the Center will attempt to maintain a cash reserve of \$1,500,000, to protect the Center against unexpected budget cuts and contingencies. The amount estimated for the operation reserve is detailed in Note 2.

Board action has limited reserves as follows:

Capital Replacement Reserve	\$ 1,000,000
Capital Expansion Reserve	\$ 1,000,000
Unemployment Self Insurance	\$ 100,000
Health Insurance Reserve	\$ 100,000

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2010

**NOTE 6 – BOARD DESIGNATED FUNDS (continued)**

The Center has designated the following amounts to each reserve for 2010:

Reserve - Capital Replacement	\$ 1,000,000
Reserve – Cont. Education	21,748
Reserve - Unemployment Self Ins.	100,000
Reserve Health Insurance	100,000
Reserve - Capital Expansion	<u>514,466</u>
<b>Total</b>	<b>\$ <u>1,736,214</u></b>

**NOTE 7 – LEASES**

**Operating Leases**

High Plains Mental Health Center is obligated under certain operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the Center's account groups.

The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2010.

Inception/ Expiration Date	Description	2011	2012	Total
06-06/05-11	Hadley Redevelopment	\$ 29,039	-	29,039
02-02/01-13	Hadley Redevelopment	60,000	5,000	65,000
	Total	<u>\$ 89,039</u>	<u>5,000</u>	<u>94,039</u>

**NOTE 8 – COMPENSATED ABSENCES**

High Plains Mental Health Center has adopted a PTO (Paid Time Off) and an EIT (Extended Illness Time) policy. All employees who work 20 hours per week or more shall earn PTO's. These hours are placed in a PTO account in the employee's name and are used to provide income when the employee is absent from work for a variety of reasons, such as vacations, short-term illness (three days or less), illness of family members, to attend funerals, etc. Full-time employees accrue PTO's at the rate of 18 to 30 days a year depending on salary level and years of service. PTO's cannot accumulate in excess of 40 work days. The Center will reimburse an employee for 75% of his or her unused PTO upon termination of employment. Accumulated Paid Days Off reported in these financial statements totaled \$212,903 at December 31, 2010.

EIT (Extended Illness Time) is the second part of the paid time off plan and represents a form of short-term disability benefit for employees when they are off work because of their own illness or disability and whose illness or disability continues beyond three days. EIT also includes disabilities caused by pregnancy, childbirth, or other related medical conditions. Unlike PTO's, EIT's are paid only if an employee is ill for more than three consecutive working days. PTO's must be used for the first three days of illness. Full-time employees shall accrue EIT's at the rate of .5 days per month. An employee may accumulate up to 120 EIT's. Accumulated EIT's are forfeited at termination of employment. Accumulated EIT's approximated \$737,837 at December 31, 2010.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 8 – COMPENSATED ABSENCES (continued)**

The Center's comp time policy states that comp time will be considered for professional staff time spent after regular work hours in center activities after adjustment for vacation time earned over one month and subject to the approval of the supervisor. Comp time cannot be accumulated for more than five days and is forfeited at termination of employment. Accumulated comp time is \$12,500 at December 31, 2010.

**NOTE 9 – EMPLOYEE RETIREMENT PLAN**

**Deferred Compensation Plan**

**High Plains Mental Health Center** sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The Center is not required to make any contributions.

**Defined Benefit Pension Plan**

**Plan Description**

The Center contributes to the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERs provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S Kansas, Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

**Funding Policy**

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERs employers. The employer rate established for calendar year 2010 was 7.14% and 12.52% for KPERs retirees. The Center's employer contributions to KPERs for the years ending December 31, 2010, 2009, and 2008 were \$295,350, \$273,366, and \$259,694, respectively, equal to the required contributions for each year.

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS**

As provided by K.S.A. 12-5040, **High Plains Mental Health Center** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the Center is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Center makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the Center under this program.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 11 – STATE AID**

**High Plains Mental Health Center** receives payments monthly from the State General Fund/Assistance Grant Fund. The payments the Center received are as follows:

First quarter	\$ 184,076
Second quarter	184,076
Third quarter	184,076
Fourth quarter	<u>184,077</u>
Total	\$ <u>736,305</u>

**NOTE 12 – EMPLOYEE HEALTH CARE**

**High Plains Mental Health Center** entered into a partially self-funded health insurance plan with Blue Cross/Blue Shield on May 1, 1992. The Center could be liable up to \$30,000/30,000 per single/family plan. As of December 31, 2010 no unpaid claims exist. No provisions for potential future claims have been made in these financial statements.

**NOTE 13 - RISK MANAGEMENT CLAIMS AND JUDGMENTS**

**High Plains Mental Health Center** carries commercial insurance for risk of loss, including property, general liability, automobile, workmen's compensation, linebacker coverage, and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 14 – COMPLIANCE WITH GRANT REQUIREMENTS**

The Kansas Department of Social and Rehabilitation Services requires **High Plains Mental Health Center** to analyze its cash reserves and to provide justification for any reserves in excess of six months operating expenses. For 2010, the Center is in compliance with this requirement. The Center participates in numerous other state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the Center has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Center's management, any liability for reimbursement, which may arise as the result of such audits, is not believed to be material.

**NOTE 15 – COMPARATIVE DATA**

Comparative totals for the prior year are presented in the accompanying financial statements in order to provide an understanding of the changes in **High Plains Mental Health Center's** financial position and operations. The comparative totals appear in the government-wide financial statements and the accompanying supplemental financial statements. However, complete comparative data has not been presented in all of the financial statements since their inclusion would make the statements unduly complex and difficult to read.

**NOTE 16 – LITIGATION**

**High Plains Mental Health Center** is party to various legal proceedings which normally occur in governmental operations. The legal proceedings are not likely to have a material adverse impact on the funds of the Center.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 17 – CORRECTION OF AN ERROR**

Encumbrances were not properly reported in the December 31, 2009 financial statements. The original amounts reported, as well as the adjustments and corrected balance, for Statements 2 and 4 are reflected below.

**Statement 2**

General Government Net Expense	\$ 768,918
2008 Encumbrances Correctly Recorded as Current Year Expense	72,278
2009 Encumbrances Correctly Not Recorded as Current Year Expense	<u>(106,453)</u>
Corrected General Government Net Expense at December 31, 2009	<u>\$ 734,743</u>

**Statement 4**

Total Expenditures	\$ 8,172,309
2008 Encumbrances Correctly Recorded as Current Year Expense	72,278
2009 Encumbrances Correctly Not Recorded as Current Year Expense	<u>(106,453)</u>
Corrected General Government Net Expense at December 31, 2009	<u>\$ 8,138,134</u>

**HIGH PLAINS MENTAL HEALTH CENTER**

Required Supplementary Information

HIGH PLAINS MENTAL HEALTH CENTER  
General Fund  
Balance Sheets  
December 31, 2010 and 2009

<u>ASSETS</u>		
	<u>2010</u>	<u>2009</u>
<b>Cash and Investments</b>	<b>\$ 1,214,257</b>	<b>1,356,978</b>
<b>Receivables</b>		
Accounts Receivable (Net of Allowance for Uncollectibles)	683,696	835,588
Due From Other Governments	9,973	2,250
<b>Total Receivables</b>	<b>693,669</b>	<b>837,838</b>
<b>Prepaid Expenses</b>	<b>444,926</b>	<b>503,520</b>
<b>Total Assets</b>	<b>\$ 2,352,852</b>	<b>2,698,336</b>
<u>LIABILITIES AND FUND BALANCE</u>		
<b>Liabilities</b>		
Accounts Payable	\$ 44,610	26,614
Accrued Wages	131,659	135,266
Accrued Payroll Liabilities and Benefits	702,596	715,572
<b>Total Liabilities</b>	<b>878,865</b>	<b>877,452</b>
<b>Fund Balance</b>		
<b>Reserved</b>		
Reserved for Encumbrances	3,933	106,146
Board Designated Reserves	1,736,214	1,739,853
<b>Unreserved</b>		
Undesignated	(266,160)	(25,114)
<b>Total Fund Balance</b>	<b>1,473,987</b>	<b>1,820,885</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,352,852</b>	<b>2,698,336</b>

See accountants' report.

**HIGH PLAINS MENTAL HEALTH CENTER  
General Fund**

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	2010			2009 Actual
	Original and Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
State Aid	\$ 736,306	736,305	(1)	736,307
County Appropriations	675,124	670,920	(4,204)	681,719
Patient Services	4,000,000	3,882,862	(117,138)	3,984,664
Other Services	32,000	30,435	(1,565)	25,028
Donations	500	466	(34)	3,300
Sales and Rentals	10,500	21,102	10,602	14,085
Miscellaneous	500	24,394	23,894	20,742
Recovery of Bad Debts	4,000	8,427	4,427	4,497
Interest on Investments	50,000	29,579	(20,421)	63,277
<b>Total Revenues</b>	<b>5,508,930</b>	<b>5,404,490</b>	<b>(104,440)</b>	<b>5,533,619</b>
<b>Expenditures</b>				
Personnel	3,757,095	3,543,067	214,028	3,892,519
Professional and Legal Fees	120,900	87,651	33,249	129,426
Dues	21,600	22,380	(780)	20,970
Insurance	155,250	128,387	26,863	131,197
Public Information	11,100	11,040	60	5,592
Travel and Meeting	95,750	101,420	(5,670)	77,462
Professional Resources	6,600	1,546	5,054	4,930
Supplies	141,730	79,283	62,447	111,273
Postage	48,500	40,200	8,300	42,822
Leases and Rentals	147,330	142,297	5,033	143,071
Service Agreements	90,160	100,192	(10,032)	97,680
Utilities	180,830	151,090	29,740	134,773
Repairs and Maintenance	36,700	50,668	(13,968)	42,856
Miscellaneous	16,940	36,054	(19,114)	26,673
Bad Debt Expense	150,000	254,157	(104,157)	198,062
Capital Outlay	285,894	58,991	226,903	137,435
<b>Total Expenditures</b>	<b>5,266,379</b>	<b>4,808,423</b>	<b>457,956</b>	<b>5,196,741</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>242,551</b>	<b>596,067</b>	<b>(353,516)</b>	<b>336,878</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	255,490	255,490	287,830
Transfers Out	-	(1,096,242)	(1,096,242)	(411,046)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(840,752)</b>	<b>(840,752)</b>	<b>(123,216)</b>
<b>Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)</b>	<b>242,551</b>	<b>(244,685)</b>	<b>(487,236)</b>	<b>213,662</b>
<b>Fund Balance - Beginning of Year</b>	<b>1,820,885</b>	<b>1,820,885</b>	<b>-</b>	<b>1,573,354</b>
<b>Increase (Decrease) in Reserve for Encumbrances</b>	<b>-</b>	<b>(102,213)</b>	<b>(102,213)</b>	<b>33,868</b>
<b>Fund Balance - End of Year</b>	<b>\$ 2,063,436</b>	<b>1,473,987</b>	<b>(589,449)</b>	<b>1,820,885</b>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER  
State Child Adolescent Fund  
Balance Sheets  
December 31, 2010 and 2009

<u>ASSETS</u>		
	<u>2010</u>	<u>2009</u>
Cash and Investments	\$ 2,026,409	1,753,292
Accounts Receivable (Net of Allowance for Uncollectibles)	<u>112,852</u>	<u>18,239</u>
<b>Total Assets</b>	<b>\$ <u>2,139,261</u></b>	<b><u>1,771,531</u></b>
<u>LIABILITIES AND FUND BALANCE</u>		
<b>Liabilities</b>		
Accounts Payable	\$ <u>1,519</u>	<u>484</u>
<b>Fund Balance</b>		
<b>Reserved</b>		
Reserved for Encumbrances	-	306
<b>Unreserved</b>		
Undesignated	<u>2,137,742</u>	<u>1,770,741</u>
<b>Total Fund Balance</b>	<b><u>2,137,742</u></b>	<b><u>1,771,047</u></b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>2,139,261</u></b>	<b><u>1,771,531</u></b>

See accountants' report.

**HIGH PLAINS MENTAL HEALTH CENTER**  
**State Child Adolescent Fund**  
Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	2010		Variance Positive (Negative)	2009 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
Patient Services	\$ 820,000	966,044	146,044	827,114
Miscellaneous Income	-	-	-	1,250
<b>Total Revenues</b>	<b>820,000</b>	<b>966,044</b>	<b>146,044</b>	<b>828,364</b>
<b>Expenditures</b>				
Personnel	380,467	406,311	(25,844)	385,732
Professional and Legal Fees	-	350	(350)	91
Insurance	7,500	8,565	(1,065)	9,585
Travel and Meeting	5,500	7,652	(2,152)	7,176
Professional Resources	100	-	100	-
Supplies	4,325	2,363	1,962	2,472
Leases and Rentals	12,250	1,280	10,970	5,426
Utilities	1,000	2,375	(1,375)	925
Repairs and Maintenance	200	(301)	501	590
Bad Debt Expense	30,750	866	29,884	90
Miscellaneous	50	51	(1)	47
Capital Outlay	1,258	-	1,258	1,877
<b>Total Expenditures</b>	<b>443,400</b>	<b>429,512</b>	<b>13,888</b>	<b>414,011</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>376,600</b>	<b>536,532</b>	<b>159,932</b>	<b>414,353</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	-	(169,531)	(169,531)	(155,724)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(169,531)</b>	<b>(169,531)</b>	<b>(155,724)</b>
<b>Excess of Revenues Over Expenditures and Other Sources (Uses)</b>	<b>376,600</b>	<b>367,001</b>	<b>(9,599)</b>	<b>258,629</b>
<b>Fund Balance - Beginning of Year</b>	<b>1,771,047</b>	<b>1,771,047</b>	<b>-</b>	<b>1,512,112</b>
<b>Increase (Decrease) in Reserve for Encumbrances</b>	<b>-</b>	<b>(306)</b>	<b>(306)</b>	<b>306</b>
<b>Fund Balance - End of Year</b>	<b>\$ 2,147,647</b>	<b>2,137,742</b>	<b>(9,905)</b>	<b>1,771,047</b>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER  
Mental Health Reform Fund  
Balance Sheets  
December 31, 2010 and 2009

<u>ASSETS</u>		
	<u>2010</u>	<u>2009</u>
Cash and Investments	\$ -	4,613
Accounts Receivable (Net of Allowance for Uncollectibles)	2,709	2,791
Prepaid Expenses	<u>16,232</u>	<u>8,408</u>
<b>Total Assets</b>	<b>\$ <u>18,941</u></b>	<b><u>15,812</u></b>
<u>LIABILITIES AND FUND BALANCE</u>		
<b>Liabilities</b>		
Accounts Payable	\$ 2,321	1,737
<b>Fund Balance</b>		
<b>Unreserved</b>		
Undesignated	<u>16,620</u>	<u>14,075</u>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>18,941</u></b>	<b><u>15,812</u></b>

See accountants' report.

**HIGH PLAINS MENTAL HEALTH CENTER**  
**Mental Health Reform Fund**  
Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	2010			2009 Actual
	Original and Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Contracted Revenues	\$ 667,008	489,629	(177,379)	1,173,164
Grants	3,900	1,950	(1,950)	3,900
Management Fee	31,000	32,520	1,520	32,723
Miscellaneous Income	-	-	-	5,102
Donations	-	15	15	-
<b>Total Revenues</b>	<b>701,908</b>	<b>524,114</b>	<b>(177,794)</b>	<b>1,214,889</b>
<b>Expenditures</b>				
Personnel	1,382,341	1,369,637	12,704	1,524,343
Professional and Legal Fees	1,300	350	950	276
Insurance	13,320	12,254	1,066	10,914
Public Information	200	118	82	100
Travel and Meeting	23,950	39,754	(15,804)	39,812
Professional Resources	500	72	428	-
Supplies	15,875	5,578	10,297	5,268
Postage	150	176	(26)	216
Leases and Rentals	250	260	(10)	40,500
Service Agreements	3,500	3,688	(188)	1,904
Utilities	18,000	23,302	(5,302)	14,222
Repairs and Maintenance	2,100	765	1,335	532
Miscellaneous	100	2,190	(2,090)	346
Capital Outlay	19,604	1,565	18,039	310,567
<b>Total Expenditures</b>	<b>1,481,190</b>	<b>1,459,709</b>	<b>21,481</b>	<b>1,949,000</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(779,282)</b>	<b>(935,595)</b>	<b>(156,313)</b>	<b>(734,111)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	938,140	938,140	255,605
<b>Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)</b>	<b>(779,282)</b>	<b>2,545</b>	<b>781,827</b>	<b>(478,506)</b>
<b>Fund Balance - Beginning of Year</b>	<b>14,075</b>	<b>14,075</b>	<b>-</b>	<b>492,581</b>
<b>Fund Balance - End of Year</b>	<b>\$ (765,207)</b>	<b>16,620</b>	<b>781,827</b>	<b>14,075</b>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER  
Mental Health Reform Children Fund  
Balance Sheets  
December 31, 2010 and 2009

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	<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
<b>Cash and Investments</b>		\$ <u>44,889</u>	<u>46,245</u>
	<u>LIABILITIES AND FUND BALANCE</u>		
<b>Liabilities</b>			
Accounts Payable		\$ -	14
<b>Fund Balance</b>			
Unreserved			
Undesignated		<u>44,889</u>	<u>46,231</u>
<b>Total Liabilities and Fund Balance</b>		\$ <u>44,889</u>	<u>46,245</u>

See accountants' report.

**HIGH PLAINS MENTAL HEALTH CENTER**  
**Mental Health Reform Children Fund**  
Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	<b>2010</b>		Variance Positive (Negative)	2009 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
Contracted Revenues	\$ 71,675	71,676	1	71,676
<b>Expenditures</b>				
Personnel	39,810	51,473	(11,663)	40,092
Professional and Legal Fees	-	170	(170)	-
Travel and Meeting	400	226	174	-
Supplies	50	-	50	-
Utilities	800	500	300	640
Capital Outlay	85	-	85	-
<b>Total Expenditures</b>	<b>41,145</b>	<b>52,369</b>	<b>(11,224)</b>	<b>40,732</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>30,530</b>	<b>19,307</b>	<b>(11,223)</b>	<b>30,944</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	-	(20,649)	(20,649)	(13,155)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(20,649)</b>	<b>(20,649)</b>	<b>(13,155)</b>
<b>Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)</b>	<b>30,530</b>	<b>(1,342)</b>	<b>(31,872)</b>	<b>17,789</b>
<b>Fund Balance - Beginning of Year</b>	<b>46,231</b>	<b>46,231</b>	<b>-</b>	<b>28,442</b>
<b>Fund Balance - End of Year</b>	<b>\$ 76,761</b>	<b>44,889</b>	<b>(31,872)</b>	<b>46,231</b>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER  
Mental Health Reform Hospital Closure Fund  
Balance Sheets  
December 31, 2010 and 2009

<u>ASSETS</u>		
	<u>2010</u>	<u>2009</u>
Cash and Investments	\$ <u>562,601</u>	<u>494,894</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ 585	769
Fund Balance		
Unreserved		
Undesignated	<u>562,016</u>	<u>494,125</u>
Total Liabilities and Fund Balance	\$ <u>562,601</u>	<u>494,894</u>

See accountants' report.

**HIGH PLAINS MENTAL HEALTH CENTER**  
**Mental Health Reform Hospital Closure Fund**  
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	<b>2010</b>		Variance Positive (Negative)	2009 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
State Aid	\$ 288,624	288,624	-	288,624
Miscellaneous Income	-	-	-	510
<b>Total Revenues</b>	<u>288,624</u>	<u>288,624</u>	-	<u>289,134</u>
<b>Expenditures</b>				
Personnel	198,764	137,853	60,911	187,255
Professional and Legal Fees	-	70	(70)	34
Travel and Meeting	9,000	14,737	(5,737)	12,661
Supplies	575	309	266	202
Utilities	3,100	2,444	656	2,206
Miscellaneous	-	10	(10)	-
Capital Outlay	12,476	-	12,476	1,963
<b>Total Expenditures</b>	<u>223,915</u>	<u>155,423</u>	<u>68,492</u>	<u>204,321</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	64,709	133,201	68,492	84,813
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	(65,310)	(65,310)	(75,644)
<b>Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)</b>	64,709	67,891	3,182	9,169
<b>Fund Balance - Beginning of Year</b>	<u>494,125</u>	<u>494,125</u>	-	<u>484,956</u>
<b>Fund Balance - End of Year</b>	<u>\$ 558,834</u>	<u>562,016</u>	<u>3,182</u>	<u>494,125</u>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER  
Family Centered System Grant Fund  
Balance Sheets  
December 31, 2010 and 2009

<u>ASSETS</u>		
	<u>2010</u>	<u>2009</u>
<b>Cash and Investments</b>	\$ -	1,368
<u>LIABILITIES AND FUND BALANCE</u>		
<b>Liabilities</b>		
Accounts Payable	\$ 1,553	1,192
<b>Fund Balance</b>		
<b>Unreserved</b>		
Undesignated	<u>(1,553)</u>	<u>176</u>
<b>Total Liabilities and Fund Balance</b>	\$ <u>-</u>	<u>1,368</u>

See accountants' report.

**HIGH PLAINS MENTAL HEALTH CENTER**  
**Family Centered System Grant Fund**  
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	2010		Variance Positive (Negative)	2009 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
Grants	\$ 189,063	189,063	-	189,063
Miscellaneous	-	685	685	-
<b>Total Revenues</b>	<u>189,063</u>	<u>189,748</u>	<u>685</u>	<u>189,063</u>
<b>Expenditures</b>				
Personnel	190,045	207,040	(16,995)	216,023
Professional and Legal Fees	3,000	75	2,925	95
Public Information	1,000	348	652	720
Travel and Meeting	11,900	19,713	(7,813)	18,533
Professional Resources	-	-	-	56
Supplies	400	574	(174)	446
Utilities	2,300	4,924	(2,624)	1,790
Miscellaneous	4,500	76	4,424	595
Capital Outlay	9,516	-	9,516	3,041
<b>Total Expenditures</b>	<u>222,661</u>	<u>232,750</u>	<u>(10,089)</u>	<u>241,297</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(33,598)	(43,002)	(9,404)	(52,234)
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	41,273	41,273	43,222
<b>Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)</b>	(33,598)	(1,729)	31,869	(9,012)
<b>Fund Balance - Beginning of Year</b>	176	176	-	9,189
<b>Fund Balance - End of Year</b>	<u>\$ (33,422)</u>	<u>(1,553)</u>	<u>31,869</u>	<u>176</u>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER  
Smart Start Services Fund  
Balance Sheets  
December 31, 2010 and 2009

<u>ASSETS</u>		
	<u>2010</u>	<u>2009</u>
Cash and Investments	\$ -	231
Accounts Receivable (Net of Allowance for Uncollectibles)	<u>170</u>	<u>-</u>
<b>Total Assets</b>	<b><u>170</u></b>	<b><u>231</u></b>
<u>LIABILITIES AND FUND BALANCE</u>		
<b>Liabilities</b>		
Accounts Payable	\$ 85	-
<b>Fund Balance</b>		
<b>Unreserved</b>		
Undesignated	<u>85</u>	<u>231</u>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 170</u></b>	<b><u>231</u></b>

See accountants' report.

**HIGH PLAINS MENTAL HEALTH CENTER  
Smart Start Services Fund**

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	2010			2009 Actual
	Original and Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Services	\$ -	425	425	255
<b>Expenditures</b>				
Personnel	-	182	(182)	431
Public Relations	450	425	25	255
<b>Total Expenditures</b>	<b>450</b>	<b>607</b>	<b>(157)</b>	<b>686</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(450)</b>	<b>(182)</b>	<b>268</b>	<b>(431)</b>
<b>Other Financing Sources</b>				
Transfers In	-	36	36	-
<b>Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)</b>	<b>(450)</b>	<b>(146)</b>	<b>304</b>	<b>(431)</b>
<b>Fund Balance - Beginning of Year</b>	<b>231</b>	<b>231</b>	<b>-</b>	<b>662</b>
<b>Fund Balance - End of Year</b>	<b>\$ (219)</b>	<b>85</b>	<b>304</b>	<b>231</b>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER  
Children's Crisis Services Grant Fund  
Balance Sheet  
December 31, 2010 and 2009

<u>ASSETS</u>		
	<u>2010</u>	<u>2009</u>
Accounts Receivable (Net of Allowance for Uncollectibles)	\$ -	2,000
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ 1,865	1,507
Fund Balance		
Unreserved		
Undesignated	(1,865)	493
Total Liabilities and Fund Balance	\$ -	2,000

See accountants' report.

**HIGH PLAINS MENTAL HEALTH CENTER**  
**Children's Crisis Services Grant Fund**  
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	2010		Variance Positive (Negative)	2009 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
Grants	\$ -	-	-	392
<b>Expenditures</b>				
Personnel	93,473	75,100	18,373	87,362
Dues	2,000	2,175	(175)	2,075
Professional Fees	15,150	35,700	(20,550)	21,112
Public Information	500	10	490	125
Travel and Meeting	8,500	3,882	4,618	4,205
Professional Resources	500	351	149	1,576
Supplies	1,350	-	1,350	-
Utilities	800	1,590	(790)	1,122
Capital Outlay	1,167	343	824	1,217
<b>Total Expenditures</b>	<b>123,440</b>	<b>119,151</b>	<b>4,289</b>	<b>118,794</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(123,440)</b>	<b>(119,151)</b>	<b>4,289</b>	<b>(118,402)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	116,793	116,793	112,218
<b>Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)</b>	<b>(123,440)</b>	<b>(2,358)</b>	<b>121,082</b>	<b>(6,184)</b>
<b>Fund Balance - Beginning of Year</b>	<b>493</b>	<b>493</b>	<b>-</b>	<b>6,677</b>
<b>Fund Balance - End of Year</b>	<b>\$ (122,947)</b>	<b>(1,865)</b>	<b>121,082</b>	<b>493</b>

See accountants' report.

**HIGH PLAINS MENTAL HEALTH CENTER**  
**Functional Family Therapy JJA Grant Fund**  
 Balance Sheet  
 December 31, 2010 and 2009

<u>ASSETS</u>		
	<u>2010</u>	<u>2009</u>
Cash and Investments	\$ 18,283	10,293
Accounts Receivable (Net of Allowance for Uncollectibles)	1,410	1,740
<b>Total Assets</b>	<b>\$ 19,693</b>	<b>12,033</b>
 <u>FUND BALANCE</u>  		
<b>Fund Balance</b>		
<b>Unreserved</b>		
Undesignated	\$ 19,693	12,033

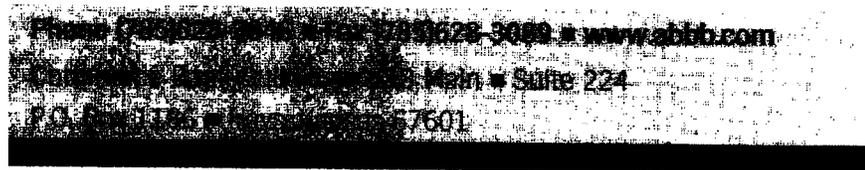
**Functional Family Therapy JJA Grant Fund**  
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	<u>2010</u>			<u>2009</u> Actual
	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>	
<b>Revenues</b>				
Grants	\$ -	7,660	7,660	14,571
<b>Expenditures</b>				
Professional Fees	-	-	-	5,988
Travel and Meeting	-	-	-	738
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,726</b>
<b>Excess of Revenues Over</b> <b>(Under) Expenditures</b>	<b>-</b>	<b>7,660</b>	<b>7,660</b>	<b>7,845</b>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	-	-	(2,531)
<b>Excess of Revenues Over (Under)</b> <b>Expenditures and Other Sources (Uses)</b>	<b>-</b>	<b>7,660</b>	<b>7,660</b>	<b>5,314</b>
<b>Fund Balance - Beginning of Year</b>	<b>12,033</b>	<b>12,033</b>	<b>-</b>	<b>6,719</b>
<b>Fund Balance - End of Year</b>	<b>\$ 12,033</b>	<b>19,693</b>	<b>7,660</b>	<b>12,033</b>

See accountants' report.

**HIGH PLAINS MENTAL HEALTH CENTER**

Supplementary Information



Certified  
Public  
Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
**High Plains Mental Health Center**  
Hays, Kansas

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **High Plains Mental Health Center** as of and for the year ended December 31, 2010, which collectively comprise **High Plains Mental Health Center's** basic financial statements and have issued our report thereon dated March 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered **High Plains Mental Health Center's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **High Plains Mental Health Center's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **High Plains Mental Health Center's** internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

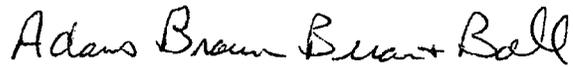
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **High Plains Mental Health Center's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**High Plains Mental Health Center**  
Page Two

We noted certain matters that we reported to management of **High Plains Mental Health Center** in a separate letter dated March 18, 2011.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and pass-through entities, and for filing with the Kansas Department of Social and Rehabilitation Services and Kansas Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties.



**ADAMS, BROWN, BERAN & BALL, CHTD.**  
Certified Public Accountants

March 18, 2011

**HIGH PLAINS MENTAL HEALTH CENTER**  
Schedule of Findings and Responses  
For the Year Ended December 31, 2010

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**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of **High Plains Mental Health Center**.
2. The Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* did not identify any deficiencies in internal control over financial reporting that are considered material weaknesses.
3. No instances of noncompliance material to the financial statements of **High Plains Mental Health Center** were disclosed during the audit.

**B. FINDINGS AND RESPONSES – FINANCIAL STATEMENTS AUDIT**

No reportable conditions were identified.

**C. COMPLIANCE REQUIREMENTS PER AGREEMENT FOR PARTICIPATING COMMUNITY MENTAL HEALTH CENTER CONSOLIDATED CONTRACT – MHCC 11-009**

No material findings nor questioned costs were disclosed per Agreement for Participating Community Mental Health Center Consolidated Contract – MHCC 11-009 as required per the SRS Recipient Monitoring letter dated July 9, 2009.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2010

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The Summary Schedule of Prior Audit Findings of **High Plains Mental Health Center** as of and for the year ended December 31, 2009 had no instances of prior audit findings noted.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended December 31, 2010

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	State Expenditures
<b>U.S. Department of Health and Human Services</b>				
<b>Passed Through Kansas Department of Social and Rehabilitation Services</b>				
Block Grants for Community Mental Health Services	93.958	MHRC 08-009	\$ 28,680	-
Block Grants for Community Mental Health Services	93.958	MHRC 09-009	28,680	-
<b>State Aid/Grants</b>				
Mental Health Reform			-	792,569
Family Centered System of Care			-	189,064
State Awards			-	736,305
<b>Total Expenditures of Federal and State Awards</b>			<b>\$ 57,360</b>	<b>1,717,938</b>

**HIGH PLAINS MENTAL HEALTH CENTER**  
Schedule of Revenues and Expenditures  
Budget and Actual - Grants  
December 31, 2010

<u>FEDERAL FUNDS</u>	<u>CFDA</u>	<u>Budget</u>	<u>Actual</u>	
			<u>1/1/10 to 06/30/10</u>	<u>7/1/10 to 12/31/2010</u>
<b>MENTAL HEALTH BLOCK GRANT</b>				
<b>GRANTOR MHRC 09-009, MHCG 10-010</b>				
Revenue	93.958	\$ 28,680	28,680	-
		28,680	-	28,680
<b>Total Revenue</b>		<u>\$ 57,360</u>	<u>28,680</u>	<u>28,680</u>
Expenditures		<u>\$ 57,360</u>	<u>28,680</u>	<u>28,680</u>
 <b>STATE FUNDS</b>				
<b>MENTAL HEALTH REFORM</b>				
Revenue		\$ 307,595	662,351	-
		484,974	-	484,974
<b>Total Revenue</b>		<u>\$ 792,569</u>	<u>662,351</u>	<u>484,974</u>
Expenditures		<u>\$ 792,569</u>	<u>662,351</u>	<u>484,974</u>
 <b>FAMILY CENTERED SYSTEM OF CARE</b>				
Revenue		\$ 94,532	94,532	-
		94,532	-	94,532
<b>Total Revenue</b>		<u>\$ 189,064</u>	<u>94,532</u>	<u>94,532</u>
Expenditures		<u>\$ 189,064</u>	<u>94,532</u>	<u>94,532</u>
 <b>STATE AID</b>				
Revenue		\$ 368,153	368,153	-
		368,152	-	368,153
<b>Total Revenue</b>		<u>\$ 736,305</u>	<u>368,153</u>	<u>368,153</u>
Expenditures		<u>\$ 736,305</u>	<u>368,153</u>	<u>368,153</u>

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Schedule of Expenditures of Federal and State Awards  
For the Year Ended December 31, 2010

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of High Plains Mental Health Center and is presented on the accrual basis of accounting in compliance with the GASB 34 reporting model.